



Financial Statements

June 30, 2021

Washoe County Employees Association

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Shareholders

Edward R. Cupit, CPA (1943-2010)
Ronald A. Milligan, CPA
Thomas M. Ogden, CPA
Melvin L. Williams, CPA

Independent Auditors' Report

To the Board of Directors of Washoe County Employees Association

We have audited the accompanying financial statements of Washoe County Employees Association (a non-profit organization), which comprise the statement of financial position as of June 30, 2021 and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Washoe County Employees Association as of June 30, 2021, and the changes in its net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the 2020 Washoe County Employees Association financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated September 9, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Curtis Milojkovic, CPA & Willkerson

Reno, Nevada
October 13, 2021

Washoe County Employees Association
Statement of Financial Position
June 30, 2021 (with comparative totals at June 30, 2020)

	2021		2020	
	Without Donor Restrictions	With Donor Restrictions	Total	(Memorandum Only) Total
Assets				
<i>Current Assets</i>				
Cash	\$ 223,183	\$ 48,868	\$ 272,051	\$ 264,606
Investments	325,252	-	325,252	260,651
Dues receivable	-	-	-	7,924
Prepaid insurance	11,867	-	11,867	10,731
Prepaid tickets	610	-	610	2,825
Deposits	500	-	500	500
<i>Total Current Assets</i>	<u>561,412</u>	<u>48,868</u>	<u>610,280</u>	<u>547,237</u>
<i>Property and Equipment</i>				
Furniture and fixtures	21,986	-	21,986	21,561
<i>Total Property and Equipment</i>	21,986	-	21,986	21,561
Less accumulated depreciation	(17,415)	-	(17,415)	(16,285)
<i>Net Property and Equipment</i>	<u>4,571</u>	<u>-</u>	<u>4,571</u>	<u>5,276</u>
Total Assets	<u><u>\$ 565,983</u></u>	<u><u>\$ 48,868</u></u>	<u><u>\$ 614,851</u></u>	<u><u>\$ 552,513</u></u>
Liabilities and Net Assets				
<i>Current Liabilities</i>				
Accounts payable	\$ 5,288	\$ -	\$ 5,288	\$ -
Accrued payroll and taxes	2,901	-	2,901	1,886
<i>Total Current Liabilities</i>	<u>8,189</u>	<u>-</u>	<u>8,189</u>	<u>1,886</u>
<i>Net Assets</i>	<u>557,794</u>	<u>48,868</u>	<u>606,662</u>	<u>550,627</u>
Total Liabilities and Net Assets	<u><u>\$ 565,983</u></u>	<u><u>\$ 48,868</u></u>	<u><u>\$ 614,851</u></u>	<u><u>\$ 552,513</u></u>

The accompanying notes are an integral part of these financial statements.

Washoe County Employees Association

Statement of Activities

For the year ended June 30, 2021 (with comparative totals for the year ended June 30, 2020)

	2021		2020	
	Without Donor Unrestricted	With Donor Restrictions	Total	(Memorandum Only) Total
Revenue				
Membership dues	\$ 199,930	\$ 2,272	\$ 202,202	\$ 203,721
Investment income	65,869	-	65,869	22,254
Miscellaneous	17	-	17	-
Net assets released from restrictions	-	-	-	-
Total Revenue	265,816	2,272	268,088	225,975
Expense				
<i>Program Services</i>				
Labor representation	121,423	-	121,423	111,757
<i>Total Program Services</i>	<i>121,423</i>	<i>-</i>	<i>121,423</i>	<i>111,757</i>
<i>Supporting Services</i>				
Management and general	90,630	-	90,630	73,565
<i>Total Supporting Services</i>	<i>90,630</i>	<i>-</i>	<i>90,630</i>	<i>73,565</i>
Total Expense	212,053	-	212,053	185,322
Changes in Net Assets	53,763	2,272	56,035	40,653
Net Assets, Beginning of Year	504,031	46,596	550,627	509,974
Net Assets, End of Year	\$ 557,794	\$ 48,868	\$ 606,662	\$ 550,627

The accompanying notes are an integral part of these financial statements.

Washoe County Employees Association

Statement of Functional Expenses

For the year ended June 30, 2021 (with comparative totals for the year ended June 30, 2020)

	2021			2020
	Program Services	Supporting Services	Total	(Memorandum Only) Total
	Labor Representation	Management and General		
Salaries and wages	\$ 55,847	\$ 36,493	\$ 92,340	\$ 80,278
Legal fees	43,800	-	43,800	43,200
Rent and utilities	-	13,775	13,775	13,763
Information technology	-	13,467	13,467	2,829
Insurance	4,858	7,036	11,894	11,838
Accounting fees	-	8,065	8,065	7,435
Payroll taxes	4,677	3,056	7,733	6,888
Identity theft protection	7,685	-	7,685	-
Telephone	-	2,303	2,303	1,324
Loss on movie tickets	-	2,199	2,199	-
Office expenses	-	2,177	2,177	2,340
Scholarships	2,000	-	2,000	2,000
Depreciation	-	1,516	1,516	1,380
Conferences and meetings	695	-	695	398
Printing and postage	672	-	672	966
Travel	-	412	412	2,919
Miscellaneous	364	28	392	512
Member outreach	305	-	305	5,084
Legislative	275	-	275	-
Dues and subscriptions	152	-	152	829
Taxes and licenses	-	103	103	146
Meals and entertainment	93	-	93	1,193
Total Expenses	\$ 121,423	\$ 90,630	\$ 212,053	\$ 185,322

The accompanying notes are an integral part of these financial statements.

Washoe County Employees Association

Statement of Cash Flows

For the year ended June 30, 2021 (with comparative totals for the year ended June 30, 2020)

	<u>2021</u>	<u>(Memorandum Only) 2020</u>
Cash Flows from Operating Activities		
Changes in net assets	\$ 56,035	\$ 40,653
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Depreciation	1,516	1,380
Unrealized gain on investments and reinvested interest income	(64,601)	(19,846)
<i>Changes in operating assets and liabilities</i>		
Dues receivable	7,924	(238)
Prepaid insurance	(1,136)	(68)
Prepaid tickets	2,215	827
Accounts payable	5,288	(965)
Accrued payroll and taxes	1,015	330
Net Cash Provided by Operating Activities	<u>8,256</u>	<u>22,073</u>
Cash Flows from Investing Activities		
Purchase of property and equipment	(811)	-
Net Cash Used by Investing Activities	<u>(811)</u>	<u>-</u>
Net Change in Cash	7,445	22,073
Cash, Beginning of Year	<u>264,606</u>	<u>242,533</u>
Cash, End of Year	<u>\$ 272,051</u>	<u>\$ 264,606</u>

The accompanying notes are an integral part of these financial statements.

1. Nature of Activities and Summary of Significant Accounting Policies

Nature of Activities

Washoe County Employees Association, Inc. ("the Organization") is a nonprofit corporation formed on March 13, 1973, under the laws of the State of Nevada. The primary mission of the Organization is to promote the welfare of the citizens of the community by the advancement and improvement of Washoe County services and Washoe County employees. It seeks to unify and strengthen the Washoe County employees' profession, to secure and maintain the salaries, retirement, tenure, leave and other matters concerning wages, hours, terms and conditions of employment necessary to better serve Washoe County. The Organization is exempt from federal income tax under Section 501(c)(5) of the Internal Revenue Code.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis method of accounting in accordance with generally accepted accounting principles, which recognizes revenue when earned and expenses when incurred.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Accounting Standards Codification (ASC) 958 Not-for-Profit Entities. Following ASC 958, the Organization has reported information regarding its assets, liabilities, net assets, revenue and expenses according to two classes: net assets without donor restrictions and net assets with donor restrictions. The Organization's net assets with donor restrictions totaled \$48,868 at June 30, 2021.

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through October 13, 2021, the date the financial statements were available to be issued.

Description of Program and Supporting Services

Program Services

- Labor Representation - The Organization represents eligible employees of Washoe County, Nevada in all grievances, disciplinary actions, layoffs and terminations, and answers questions they may have regarding any facet of County employment.

Supporting Services

- General and Administrative - Includes functions necessary to ensure an adequate working environment, provide coordination of the Organization's program, and manage the financial and budgetary responsibilities of the Organization.

Expense Allocation

Functional expenses, which are not directly attributable to a specific function, are allocated between program and supporting services based on management estimates.

Investments

Investments consist of equity securities and certificates of deposits that are stated at fair value, with realized and unrealized gains and losses included in the statement of activities.

Fair Value of Financial Instruments

Fair value accounting establishes a fair value hierarchy that prioritizes the inputs of valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

- Level 1* Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;
- Level 2* Quoted prices in markets that are not active, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability; and
- Level 3* Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

The Organization's financial instruments consist of investments in mutual funds. Level 1 fair value measurements consist of the fair values of securities for which quoted market prices are available. The securities are valued based on quoted market prices and total \$325,252 at June 30, 2021. The Organization has no investments valued using Level 2 or Level 3 inputs at June 30, 2021.

Property and Equipment

Property and equipment are capitalized at cost. It is the Organization's policy to capitalize expenditures with an estimated useful life of more than one year and in excess of \$500. Property and equipment are depreciated over their estimated useful lives of five to seven years using the straight-line method. Depreciation expense for the year ended June 30, 2021 was \$1,516.

Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Revenue Recognition

Members of Washoe County Employees Association are employees of Washoe County. Dues paid by members are paid at a flat amount of \$7 per pay period on a bi-weekly basis. Revenue from membership dues is from performance obligations satisfied over time and is derived from contracts with an initial expected duration of one year or less.

Comparative Information

The prior year information is captioned "Memorandum Only" to indicate that it is presented only to facilitate financial analysis. Such information should be read in conjunction with the Organization's audited financial statements for the year ended June 30, 2020, from which the summarized information was derived.

2. Investments

Investments consist of mutual funds valued based on quoted market prices which totaled \$325,252 at June 30, 2021.

Washoe County Employees Association
Notes to Financial Statements
June 30, 2021

Investment income consisted of the following for the year ended June 30, 2021:

	Without Donor Restrictions	With Donor Restrictions	Total
Interest income	\$ 1,268	\$ -	\$ 1,268
Unrealized gains	64,601	-	64,601
Total investment income	<u>\$ 65,869</u>	<u>\$ -</u>	<u>\$ 65,869</u>

3. Liquidity and Availability of Resources

The following reflects the Organization's financial assets at June 30, 2021, reduced by amounts not available for general use due to contractual or donor-imposed restrictions within one year of the statement of financial position:

Financial assets at year end	\$ 597,303
Less those unavailable for general expenditure within one year due to:	
Contractual or donor-imposed restrictions:	<u>(48,868)</u>
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 548,435</u>

Donor imposed restrictions consist of voluntary contributions related to the Political Action Committee fund. No amounts were expended from the fund during the year ended June 30, 2021.

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

4. Geographic Concentration

The Organization receives all of its dues from members located in Washoe County. Washoe County collects dues from members and transmits the dues to the Organization on a semi-monthly basis.

5. Lease Commitments

The Organization leases office space in Reno, Nevada with current monthly payments of \$982. The Organization incurred rental expense for the year ended June 30, 2021 totaling \$11,785.

Minimum future rental payments under the non-cancelable operating lease consist of the following for the years ending June 30:

2022	\$ 11,785
2023	1,964
Thereafter	<u>-</u>
	<u>\$ 13,749</u>